

July 28, 2011
Osaka Securities Exchange Co., Ltd.

Comment on the CPSS and IOSCO consultative report
“Principles for financial market infrastructures”

We, Osaka Securities Exchange Co., Ltd. would like to express our gratitude for this opportunity to comment on the consultative report on “Principles for financial market infrastructures” released on March 10, 2011, by the Committee on Payment and Settlement Systems (CPSS) and the Technical Committee of the International Organization of Securities Commissions (IOSCO).

<Comment>

1) General remarks

We believe that, after a final report is published by the CPSS and IOSCO, relevant authorities, the CPSS and IOSCO should work in close cooperation with each other for unifying the interpretation of the principles, in order to prevent CCPs in a specific country from losing their international competitiveness due to differences in each relevant authority’s interpretation of the principles.

2) General business risk

We are concerned that, if CCPs are required to hold a uniform level of capital regardless of regulations in each country (e.g. regulations on subsidiary business, etc.), CCP’s measures for risk management (e.g. management of budget, income and expenditure) and CCP’s amount of risk, it may unnecessarily lower the capital efficiency and undermine shareholder interests.

Accordingly, we believe that the CPSS and IOSCO should not uniformly provide quantitative requirements (e.g. holding equity capital at normal times equal to six, nine or twelve months of operating expenses).

End of document